



GOOD INVESTMENT

Update II

25th March 2020

The year 2020 has proven challenging for us all, with the last few weeks seeing a massive destruction in value across many of the world's largest economies and investment markets have experienced unprecedented levels of volatility. As the Covid-19 pandemic continues to evolve we will undoubtedly see continued volatility with markets being largely driven by short term sentiment rather than long-term fundamentals. During this period of uncertainty, I can assure you that not only will CCLA continue to manage your investments with the high level of professionalism you are accustomed to, but also that we have taken the necessary steps to ensure that we will continue to operate regardless of the pandemic and the resulting social isolation being insisted on by the government.

Last week we sent most of our staff home and as from this week we are operating with all our staff working from home. All staff have been provided with technology that allows them to access required systems, perform their daily work and engage with their colleagues, clients and others by both audio and video conferencing. This technology is working incredibly well and business is very much carrying on as normal. We are also working collaboratively to make sure that they also have time to meet the other challenges this crisis is causing. For example, for those with young children, now at home due to the school closure, or elderly parents needing support, or those susceptible to mental health pressures as a result of the coming weeks of isolation, we are putting steps in place to support our staff, our most important asset, and we will re-allocate workloads or take other measures to help.

Our Investment Team continues with their work and our portfolios are holding up relatively well. We continue to seek companies with strong cash generation as we believe that not only will they outperform in the long term, but they also exhibit defensive characteristics in the periods of market stress. We prefer companies well-positioned to benefit from the long-term economic trends and are less exposed to shorter term market cycles. We also avoid companies that over utilise borrowing, believing some may not survive the current crisis.

CCLA also understands the importance of income to our investors. Given the nature of our portfolios, the risk to income is relatively low as the companies we hold generate robust free cash. Our large exposure to the US equity market also helps in this respect, since US companies tend to buy back shares and have typically low dividend pay-outs, meaning there is greater ability to maintain dividend payments. At this time, we don't see risk to our expected income payments for the remainder of 2020.

Stay safe.

Peter Hugh Smith

Chief Executive

If you have any questions, please contact your relationship manager at CCLA or Client Services:

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